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SUBJECT: Kazakhstan: Economy Minister Comments on Tengiz Brawl

REF: A: Astana 501; B: Astana 737

1. (SBU) Summary. In a December 6 meeting with the Ambassador, Economy Minister Musin identified the inadequacy of Kazakh workers' wages as a key contributor to the recent "Tengiz brawl." Even though an oil company might allocate funds for a decent wage, Musin explained, by the time a contractor and sub-contractor took their cut, only a fraction of that wage reached the workers - a result the Minister termed a "social injustice." End summary.

2. (SBU) In a December 6 meeting with the Ambassador, new Economy Minister Aslan Musin added to our insight on the economic context of what has become known as the "Tengiz brawl" (Ref A). A key problem, Musin said, is the inadequacy of Kazakh workers' wages. While the oil company pays a significant wage to its own employees, Musin explained, contractors and subcontractors take a disproportionate amount of the funds the oil company allocates for wages in its contracts. As a result, only a small portion of the intended wage actually gets to the worker, a result which the new minister called a "social injustice." (Musin suggested that if a company allocates \$8 an hour, only \$1.50 of that amount might reach the worker.) Musin, who as the former akim of the Atyrau Oblast is familiar with the issue, said that he has tried to convince Tengiz Chevroil (TCO) to "take this under its control." He added that the idea of imposing a solution at the local government level ran into legal obstacles. (Note: The minimum construction wage at TCO was recently doubled, to approximately \$4,200 / year. Ref B incorrectly quoted TCO General Manager Todd Levy as stating that the minimum construction wage was \$420. End note.)

3. (SBU) Musin also shed some light on the dynamics of the Tengiz brawl. The reason nearly all the victims of the violence were Turkish workers, he said, was that three Turks had initiated the conflict by beating up a Kazakh worker. Furthermore, he said, 70-80% of the workers are Kazakh. TCO, Musin continued, needs to take control of the situation by handing over security from an internal force to the local police.

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